

FISCAL MEMORANDUM

SB 93 – HB 114

June 6, 2007

SUMMARY OF AMENDMENT (009939): Deletes the language of the original bill. Increases the excise tax on cigarettes by an additional three cents per pack. All revenue generated from such increase shall be deposited into the “Tennessee Veterans’ War on Terror Fund (TVWTF)”. Two-thirds of such funds shall be expended to provide scholarships to Tennessee Iraqi and Afghanistan war veterans; the other one-third shall be expended to fund Tennessee state veterans’ homes.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenues – Net Impact - \$86,371,000 / Education Fund

Decrease State Revenues – Net Impact -

\$67,614,000 / General Fund

\$11,223,000 / Earmarked to Local Governments

\$856,000 / Department of Revenue

\$2,140,000 / Sinking Fund

Increase State Expenditures – \$11,223,000 / General Fund

\$220,000 / Department of Revenue - Recurring

\$200,000 / Department of Revenue - One-Time

Increase Local Govt. Revenues – Net Impact - \$4,199,000 Recurring

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenues – Net Impact - \$14,476,000

Increase Local Govt. Revenues – Net Impact - \$84,000

Other Fiscal Impact - \$14,256,000 of the estimated \$14,476,000 state revenue increase will be deposited to the Tennessee Veterans’ War on Terror Fund. The remaining \$220,000 would be apportioned as state sales tax revenue is currently apportioned according to statute.

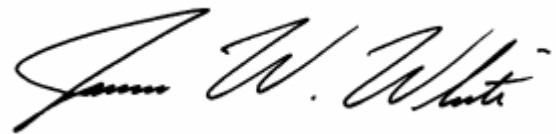
Assumptions applied to amendment:

- Methodologies used to derive the estimated fiscal impact for the original bill have been used to estimate the fiscal impact for this bill as amended.

- The proposed three-cent increase takes the excise tax on cigarettes to 65 cents per pack (for a total increase of 45 cents during the 2007 legislative session).
- The incremental excise tax revenue is estimated to be \$14,256,000 per year. 100% of this revenue will be deposited to the TVWTF.
- The incremental state sales tax revenue is estimated to be \$220,000 per year. Such revenue will be apportioned as state sales tax revenue is currently apportioned according to statute.
- The total recurring increase to state revenues is estimated to be \$14,476,000 per year (\$14,256,000 excise tax revenue + \$220,000 state sales tax revenue = \$14,476,000).
- The incremental local option sales tax revenue is estimated to be \$74,000 per year.
- The incremental state-shared sales tax revenue that would be apportioned to local governments is estimated to be \$10,000 per year.
- The total recurring increase to local government revenues is estimated to be \$84,000 per year (\$74,000 local option sales tax + \$10,000 state-shared sales tax = \$84,000).
- There will be no additional software or computer enhancements required as a result of this legislation. Such enhancements will be made as a result of the 42-cent increase that passed both houses (HB2354/SB2326).
- There will be no additional position requirements as a result of this legislation. Such enhancements will be made as a result of the 42-cent increase that passed both houses (HB2354/SB2326).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc